

Retirement plan solutions for the engineering industry

INDUSTRY INSIGHTS
TO HELP YOU BENCHMARK
YOUR PLAN





Workforce instability

THE BUILD BACK BETTER ACT, INFRASTRUCTURE INVESTMENT AND JOBS ACTS, AND THE CHIPS AND SCIENCE ACT HAVE FUELED THE ENGINEERING INDUSTRY.

In fact, according to the Bureau of Labor Statistics, engineering will grow faster than the average for all occupations through 2033.¹ About 195,000 engineering job openings are projected each year, on average, in the United States.¹

Yet, the industry faces a number of challenges. Uncertainty surrounding government funding of climate and infrastructure projects due to changing energy goals may lead to project delays and terminations. Add to that rising economic uncertainty and inflation, high interest rates, and enhanced competition for talent from other industries. And while engineering job growth appears to be strong, an extremely tight job market coupled with a shortage of qualified candidates makes filling jobs difficult. With nearly half of professional engineers over 40 years old² and potentially eyeing retirement, the talent gap may widen in the years ahead.

"The lion's share of employees working in AEC are willing to join a new employer for the right mix of work benefits and experiences. And given how competitive the talent market is right now, your talent competitors are likely offering benefits and experiences to attract your high-value talent."

— Engineering Management Institute³



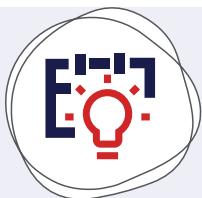
1 "Architecture and Engineering Occupations," U.S. Bureau of Labor Statistics Occupational Outlook Handbook, August 29, 2024

2 Job outlook for engineers in the United States. Zippia.com, 2025

3 Present and Future of Work Engineering and Architecture. Actions Prove, LLC and Engineering Management Institute, January 2024

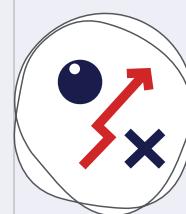
Align HR strategies with workforce values

Small businesses are likely more impacted by all of these trends, as they often struggle to compete. It's worth noting that today's employees are increasingly motivated to stay or leave jobs because of benefits. In fact, better benefits are the number two reason that employees change jobs.³ Over half of engineering professionals would leave their current firm - and that number increases to 92 percent when higher pay, better quality of life, or advancement opportunities are presented.⁴ Enhancing compensation, workplace benefits, and training programs will only become more critical to engineering firms successfully attracting and retaining talent over the next decade.



Build paths to career advancement and fulfillment.

Retain and better engage top workers through professional development and growth, foster a flexible and inclusive work environment, and offer best-in-class training.



Promote a positive work culture and prioritize quality of life strategies.

End the culture of overworking to reduce stress, burnout and drive productivity, offer flexible work arrangements to attract more women to the industry, and support "people-first" initiatives.



Enhance compensation and benefits programs.

Invest in your employees to further demonstrate their value to your organization. Support their personal and financial well-being with a strong workplace benefits package that includes financial wellness and retirement plan programs. A well-designed retirement plan is an effective tool for attracting and retaining valued employees.

⁴ Present and Future of Work Engineering and Architecture. Actions Prove, LLC and Engineering Management Institute, January 2024

RETIREMENT PLAN REPORT CARD

A retirement plan can help your organization attract and retain motivated, productive workers. ADP provides you with insight into how your plan measures up against other industry retirement plans and can help you optimize your plan to achieve your workforce goals.

The good news

Engineering retirement plans score well relative to other industries in three of the five key categories of participation, deferral rates, and account balances. If your plan numbers look like these, congratulations.

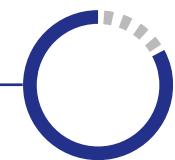
AVERAGE ACCOUNT BALANCE

\$163,339

Rank 8th out of 47

PARTICIPATION RATE

84.4%



Rank 16th out of 50

AVERAGE DEFERRAL RATE

9.0%

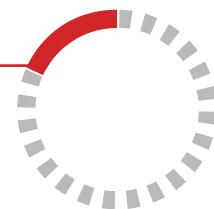
Rank 18th out of 50

The challenges

Engineering retirement plans compared to other industries have a higher percentage of mutual funds that pay 12b-1 fees and conduct less frequent reviews of their plan provider.

REVIEW OF RECORDKEEPER'S PERFORMANCE

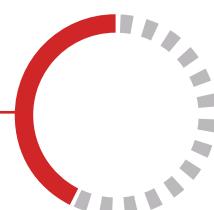
18.2%



Of plans in this vertical review their recordkeeper's overall performance annually.

MUTUAL FUNDS WITH 12B-1 FEES IN INVESTMENT LINEUP

42.6%



Engineering plans include more mutual funds with 12b-1 fees (10.8%) compared to other industries in the survey.

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

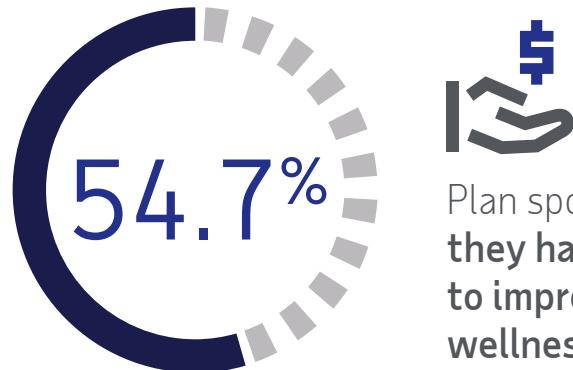
Annual review of the recordkeeper's overall performance and reducing the number of mutual funds with 12b-1 fees in the investment lineup could enhance retirement plan benefits in the engineering sector.



CHALLENGE: FINANCIAL EDUCATION RESOURCES FOR EMPLOYEES.



Personalized insights and persona-driven messaging help employees maximize the benefit and build financial security.



Plan sponsors believe **they have a responsibility to improve the financial wellness** of their employees



do not believe their employees will achieve their retirement goals by age 65

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024

WHY IT MATTERS

- Workers expect help with their financial wellness from employers.
- Providing employee education about the plan is part of your fiduciary obligation.
- Everyday financial decisions effect financial wellness. By providing financial education programs, participants can make better informed decisions — including saving for the future.
- Engineering careers can be high stress and employees may struggle with paying daily expenses, debt, saving for emergencies and other financial challenges.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- The ADP Achieve Financial Wellness program supports employees through every stage of their financial journey. It uses educational resources, intuitive tools and the unmatched data of ADP with the power of technology to help employees achieve financial well-being.
- Easy to understand and guided experiences help participants increase their knowledge and make better decisions.
- ADP clients can offer investment advice and guidance for employees through either Edelman Financial Engines or Morningstar.



CHALLENGE:

UPGRADE PLAN DESIGN TO INCREASE UTILIZATION AND HELP EMPLOYEES REACH THEIR FINANCIAL GOALS.



Best practices in plan design can help employees reach their retirement savings goals.

PLAN FEATURES CAN IMPROVE EMPLOYEE SAVINGS



44.0%

do not allow in-plan Roth conversions

PROVISION TO TRUE-UP MATCHING CONTRIBUTIONS

31.0% do not

26.2% unsure

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024.

WHY IT MATTERS

- Employee satisfaction and retention are strongly linked to employer benefits so helping workers understand, value and take advantage of them can boost retention.
- Some employees are missing out on a valuable workplace benefit, including tax advantaged savings and matching contributions.
- Your employees may need to work longer and retire later to make up for under saving and may not have enough money for the retirement they want.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- Automatic plan features like ADP's Save Smart which lets participants schedule their savings rate to automatically increase at designated intervals and help them reach their retirement savings goals.
- ADP has flexible plan options so you can design a plan to best meet the needs of your business and your workforce.



CHALLENGE:

TOO MANY PLANS MAY BE
TAKING UNNECESSARY
FIDUCIARY RISK.

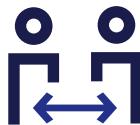


Have investment lineups that **include funds that charge 12-b1 or sub-TA fees.**

ADP can help you **mitigate fiduciary risk** and act in your employees' best interests.

**ONLY
18.2%**

of retirement plan committees **formally evaluate or review** their recordkeeper's overall performance annually



Less than half of plan committees report formally reviewing administrative fees on an annual basis.

SOURCE: PLANSPONSOR Defined Contribution (DC) Survey, 2024.

WHY IT MATTERS

- It is the responsibility of the plan fiduciary(ies) to diligently select and monitor plan investments ensuring they are appropriate, provide an IPS that accurately reflects the plan investments, and act in their employees' best interests, including paying reasonable fees for investments.
- Funds with 12-b1 or sub-TA fees may not be in participants' best interests and may increase fiduciary risk.

HOW ADP CAN SOLVE YOUR RETIREMENT PLAN CHALLENGES

- ADP offers a selection of low-cost funds (referred to as zero revenue funds) that pay no 12b-1 or sub-TA shareholder servicing fees or compensation in general to ADP or its affiliates. Plan recordkeeping fees are calculated and charged separately providing greater fee transparency.
- ADP's knowledgeable team can help you conduct a plan review to determine ways to potentially lower fund lineup costs and reduce fiduciary plan risk.

MORE THAN A PROVIDER, ADP IS YOUR RETIREMENT ALLY.



ADP connects you and your employees to data and technology that make retirement plans easy and engaging. Access to data and insights keeps everyone in control of saving for retirement. And our extensive, real-world experience in HCM and data security means we make work easier so you and your employees can thrive. We offer:

- Seamless, automatic flow of data through our ADP platforms to make retirement planning easy and accessible.
- A data-driven approach to employee education that solves unique challenges, uncomplicates retirement planning and empowers employees to make better decisions.
- Flexible plan design to best meet the needs of your business and workforce.
- Industry-recognized security to ensure that your employee data is secure, compliance is managed, and risk is mitigated.

Let's Talk.

Let's talk about how ADP can help you solve plan design challenges so you and your workforce can unlock the full potential of your retirement plan. For more information, visit adp.com/401k.

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